

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 XMB-02 OPIC-03 AID-05 IGA-02
COME-00 TRSE-00 JUSE-00 L-03 PA-01 PRS-01 USIA-06
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FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC PRIORITY 5559

C O N F I D E N T I A L BANGKOK 19026

DEPARTMENT PASS EXIM AND OPIC

EO 11652: GDS
TAGS: EFIN, TH
SUBJ: SIAM KRAFT PAPER COMPANY

REF: BANGKOK 18762

1. THE CRIMINAL COURT IN A DECISION THAT HAS TAKEN CREDITORS
BY SURPRISE ON AUGUST 26 DECLARED SIAM KRAFT PAPER IN
VIOLATION OF ITS ORDER TO PRODUCE A BANK GUARANTEE OF THE FINE
PREVIOUSLY LEVIED AGAINST IT AND HAS ORDERED THE PUBLIC
PROSECUTOR TO EFFECT COLLECTION OF THE FINE WITHIN 30 DAYS
BY SEIZURE OF THE COMPANY'S ASSETS. COMPANY'S LAWYERS HAD HELD
THAT PREVIOUS APPEAL OF THE BANK GUARANTEE REQUIREMENT RELIEVED
COMPANY OF NECESSITY TO PROVIDE GUARANTEE UNLESS IT WAS UPHELD
BY THE COURT OF APPEALS. THE CRIMINAL COURT HAS RULED OTHERWISE.

2. DESPITE APPARENT FINALITY OF THE COURT DECISION COMPANY
OFFICIALS CONTACTED EXPRESSED CONFIDENCE THAT SEIZURE OF
ASSETS CAN BE AVERTED THROUGH APPEAL. AMARATE TOLD ECON
COUNSELOR THAT DECISION COULD BE GOTTEN AROUND. IN SEPARATE
CONVERSATION TARRIN SAID THAT HE WAS SANGUINE COMPANY WOULD
NOT BE FORCED INTO BANKRUPTCY.

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3. SKP PLANNING BOARD MEETING ON TUESDAY TO WHICH EMBASSY WILL
BE INVITED TO SEND OBSERVER. SITUATION SHOULD BE CLARIFIED NEXT
WEEK.

4. PRESS WILL UNDOUBTEDLY EMPHASIZE IMMINENT BANKRUPTCY OF SIAM
KRAFT AND MAY RELATE IT TO EXIM REFUSAL TO PARTICIPATE IN
THE BANK GUARANTEE. LOCAL UPI REPORTED PLANNING TO FILE STORY.

5. COMMENT: ECONOMIC COUNSELOR HAS PREVIOUSLY SCHEDULED MEETING WITH MINISTER OF COMMERCE SUTHI NATWORATHAT ON SIAM KRAFT CASE MORNING OF AUGUST 29. WE WILL USE THAT TO MAKE KNOWN OUR CONCERN AND CONVEY GENERAL POINTS RE IMPACT OF THIS CASE ON U.S. AGENCIES AND INVESTORS. EMBOFF INFORMED EXIM REPRESENTATIVE VAN AGTMAEL OF COURT DECISION. VAN AGTMAEL WILL BE REPORTING DIRECTLY TO EXIM AND WILL BE IN CONTACT WITH EMBASSY IF THERE ARE DEVELOPMENTS OVER THE WEEKEND. EMBASSY SENT OFFICER TO PREVIOUS MEETING OF SIAM KRAFT PAPER COMMITTEE DURING VAN AGTMAEL'S ABSENCE FROM BANGKOK. VAN AGTMAEL WILL BE ATTENDING TUESDAY MEETING. APPRECIATE DEPARTMENT GUIDANCE ON WHETHER OR NOT EMBASSY SHOULD ALSO SEND SOMEONE.
O'DONOHUE

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Message Attributes

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